Guide for Review of HBCU Financial Management						
Name of Program Participant:						
Staff Consulted:						
Name(s) of		Date				
Reviewer(s)						

NOTE: All questions that address requirements contain the citation for the source of the requirement (statute, regulation, NOFA, or grant agreement). Except for questions 25 and 45, if the requirement is not met, HUD must make a finding of noncompliance. All other questions (questions that do not contain the citation for the requirement) do not address requirements, but are included to assist the reviewer in understanding the participant's program more fully and/or to identify issues that, if not properly addressed, could result in deficient performance. Negative conclusions to these questions may result in a "concern" being raised, but not a **''finding.**"

<u>Instructions</u>: This Exhibit is to be used to monitor the HBCU's conformity to financial management requirements. The Exhibit is divided into 10 sections covering: Financial Management; Advances; the SF-272, Federal Cash Transactions Report; Internal Controls; Accuracy of Report Information; Program Income; Salaries and Wages; Indirect Costs; Minority-Owned Financial Institutions; and OMB Circular A-133. The HBCU's financial management system is to be reviewed for compliance with 24 CFR Part 84, Subpart C, Post Award Requirements, and Subpart D, After the Award Requirements.

#### **Questions:**

#### A. FINANCIAL MANAGEMENT SYSTEM

Does the HBCU record amounts budgeted for eligible activities as specified in the Grant Agreement being monitored?  [HBCU Grant Agreement, Section 11, Budget, and Section 2, Applicable Program Requirements; 24 CFR 84.21]  Describe Basis for Conclusion:	
[HBCU Grant Agreement, Section 11, Budget, and Section 2, Applicable Program Requirements; 24 CFR 84.21]	
[HBCU Grant Agreement, Section 11, Budget, and Section 2, Applicable Program Requirements; 24 CFR 84.21]	No
Describe Basis for Conclusion:	

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a.	Does the HBCU record an encumbrance when contracts are executed,		
	purchase orders issued, etc.? <b>NOTE:</b> If encumbrances are not recorded, the	Yes	No
	program participant should maintain information on obligations that is	.00	
	readily accessible.		
	[HBCU Grant Agreement, Section 11, Budget, and Section 2, Applicable		
	Program Requirements; 24 CFR 84.21(b)(2)]		
De	scribe Basis for Conclusion:		
b.	For the selected sample reviewed, are expenditures supported by invoices,		
	contracts, or purchase orders, etc.?	Yes	No
	[24 CFR 84.21(b)(7)]		
De	scribe Basis for Conclusion:		
If t	he accounting system is on a cash basis, can the HBCU support accrual data		
	the other quarterly or semi-annual performance report(s) from documentation		
	hand?	Yes	No
	CFR 84.21(b)(1)]		
	scribe Basis for Conclusion:		
De	scribe dasis for Coliciusion:		

If the accounting system provides for accrual of expenditures, does the information reported to HUD reconcile with accounting records? [HBCU Grant Agreement, Section 6, Tasks 3.a. and 3.b, Reporting Requirements; 24 CFR 84.21(b)(1)]	s No	□ N/A
Describe Basis for Conclusion:		
Does the HBCU identify expenditures with respect to the grant program? [24 CFR 84.21(b)(2)]	Yes	No
Describe Basis for Conclusion:		
Does the HBCU identify expenditures by specific grant?		$\overline{}$
[HBCU Grant Agreement; 24 CFR 84.21(b)(2)]	Yes	□ No
Describe Basis for Conclusion:		
Describe Basis for Conclusion.		

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a.	Does the HBCU identify expenditures in its accounting records according to		
	eligible activity classifications that clearly identify the use of program funds	Yes	No
	for eligible activities?		
	[HBCU Grant Agreement, Section 6, Scope of Work, and Section 11,		
	Budget; 24 CFR 84.21(b)(2)]	<u> </u>	
De	scribe Basis for Conclusion:		
b.	Did the record review indicate that expenditures were eligible?	ιШ	
	[HBCU Grant Agreement, Section 9, Eligible Activities, and Section 5,	Yes	No
	Incurrence of Costs]	L	
De	scribe Basis for Conclusion:		
	accounting records include unexpended/unobligated balances?	ιШ	
[24	4 CFR 84.21(b)(2)]	Yes	No
De	scribe Basis for Conclusion:		

## B. ADVANCES

9.				
	If the HBCU requests funds in advance (and is not on a reimbursement			
	basis), does it minimize the time elapsed between the transfer of funds from	Yes	No	N/A
	the U.S. Treasury and disbursement by the HBCU?	162	NO	IV/A
	[HBCU Grant Agreement, Section 13, Method of Payment; 24 CFR 84.22]			
	Describe Basis for Conclusion:			
10				
10.		Г		
	If the HBCU advances grant funds to subrecipients, does it minimize the			
	time elapsed between the transfer of funds to, and disbursement by, the	Yes	No	N/A
	subrecipients?			
	[HBCU Grant Agreement, Section 13, Method of Payment, and Section 17,			
	Flow Down Procedures; 24 CFR 84.22]  Describe Basis for Conclusion:			
	Describe basis for Conclusion:			
<u>C.</u>	SF-269A, FINANCIAL STATUS REPORT			
11.			_	
	For the SF-269A, Financial Status Report, has the HBCU submitted this time	ely		
	and complete report for the last 3 reporting periods? ?		Yes	No
	[HBCU Grant Agreement, Section 6, Task 3, Reporting Requirements; 24 Cl	FR		
	84.52(a)(2)]			
	Describe Basis for Conclusion:			

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12.				
	If grant advances are deposited into an interest-bearing account, what	$\overline{1}$	$\Box$	
	provisions have been made for return of interest income to HUD?	es	No	N/A
	[24 CFR 84.22(c)(2) and (3); 24 CFR 84.22(d)]			- IV/ A
	Describe Basis for Conclusion:			
	INTERNAL CONTROLS (Reference for some of the questions: GAO/AIMD	-98	-21.2	.1,
	"Framework for Federal Financial Management System Checklist," May 1998)			
3.				
	a. Does the HBCU have an organization chart that sets forth the actual lines or	f		
	responsibility?		Yes	No
	Describe Basis for Conclusion:			
		—		
	b. Are duties for key employees of the HBCU defined?	$\top$		
	or the dames for hey employees of the fiber defined.		Yes	∟ No
	Describe Basis for Conclusion:		res	No
	Describe Dasis for Conclusion.			
	c. Has the HBCU obtained fidelity bond coverage for responsible officials?			
		_L	Yes	No
	Describe Basis for Conclusion:			

d. Does the HBCU's chart of accounts include a complete listing of the account		
numbers used to support the control needed to ensure that resources used do	Yes	No
not exceed resources authorized?		
Describe Basis for Conclusion:		
e. Does the HBCU's approval controls provide reasonable assurance that		
appropriate individuals approve recorded transactions in accordance with	Yes	No
management's general or specific criteria?		
Describe Basis for Conclusion:		
f. Does the HBCU's controls over the design and use of documents and record	$\overline{\Box}$	
provide reasonable assurance that transactions and events are properly		
documented, recorded, and auditable?	Yes	No
Describe Basis for Conclusion:	.1	
Describe Busis for Concrusion.		
g. Does the HBCU's segregation of duties controls effectively reduce the		
		Ш
opportunity for someone to perpetrate or conceal errors or irregularities in	Yes	No
the normal course of duties?	1	
Describe Basis for Conclusion:		

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h. Is it clear that all personnel are responsible for communicating upward the program participant's operating problems and noncompliance with laws and	Yes	No
regulations?  Describe Basis for Conclusion:		
Describe Basis for Conclusion.		
i. Does the HBCU's internal control procedures support its ability to prepare		Г
financial statements that are fairly presented in conformity with generally	Yes	∟ No
accepted or other relevant and appropriate accounting principles and		
regulatory requirements? (One level of assurance of the accuracy and integrity of data is provided by the attainment of an unqualified opinion on		
the audited annual financial statements and internal controls.)		
Describe Basis for Conclusion:		
ACCURACY OF REPORT INFORMATION		
ACCURACT OF REPORT IN ORMATION		
a. How does the HBCU demonstrate that its systems and/or procedures ensure t		
information is collected and reported to HUD and that such systems and/or property with Federal policies and requirements governing reporting?	rocedu	res
comply with Federal policies and requirements governing reporting?  Describe Basis for Conclusion:		
Describe Basis for Conclusion.		

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	b. Does the financial information (e.g., drawdowns, unexpended balances)		
	recorded in HUD's financial management systems (e.g., Line of Credit	Yes	□ No
	Control System, or LOCCS) match the official accounting records of the	163	NO
	HBCU for the period covered by the last required performance report?		
	[HBCU Grant Agreement, Section 6, Task 3.b, Financial Reporting		
	Requirements; 24 CFR 84.21(a)(1)]		
Des	scribe Basis for Conclusion:		
	D d ' ' C d' ' d IDCID CC' ' 1		
	Does the program income information in the HBCU's official accounting	Ш	Ш
	records for the period covered by the most recently completed performance	Yes	No
	report match the performance report information?		
	[HBCU Grant Agreement, Section 29; 24 CFR Part 84.24] scribe Basis for Conclusion:		
PRO	OGRAM INCOME		
Are	e revenue-generating activities (e.g., rehabilitation, economic development		
loai	ns) being undertaken?	Yes	No
<b>D</b>	the Decta Constitution		
Des	scribe Basis for Conclusion:		

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16.			
If revenue-generating activities are being undertaken, has the HBCU			
established revenue accounts to record program income?	Yes	No	N/A
[HBCU Grant Agreement, Section 29, Program Income; 24 CFR 84.21(b)(2)]			14,71
Describe Basis for Conclusion:			
17.			
If the HBCU has an activity generating program income that is only			
partially Federally assisted, does it have a system for ensuring that the	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\		
program income is properly prorated to reflect the percentage of Federal	Yes	No	N/A
program funds used?			
[HBCU Grant Agreement, Section 29; 24 CFR 84.24]			
Describe Basis for Conclusion:			
18.			
If the HBCU earns program income, has it disbursed it (other than program in the HBCU earns program income, has it disbursed it (other than program in the HBCU earns program income, has it disbursed it (other than program in the HBCU earns program income, has it disbursed it (other than program in the HBCU earns program income, has it disbursed it (other than program in the HBCU earns program in the HBCU earns program income, has it disbursed it (other than program in the HBCU earns program in the HBCU earn			
income deposited in a revolving funds) in payment of program costs prio	r to Yes	No	N/A
making further cash withdrawals from the U.S. Treasury? [HBCU Grant Agreement, Section 29; 24 CFR 84.22(g)]			
Describe Basis for Conclusion:			
Describe Busis for Conclusion.			

19				
a	If the HBCU passes funds through to subrecipients or other entities, does			
	the HBCU have a system for tracking program income generated by these subrecipients or other entities?	Yes	No	N/A
	[HBCU Grant Agreement, Section 17; 24 CFR 84.24]			
I	Describe Basis for Conclusion			
	b. If program income is retained by subrecipients or pass-through			
	entities, does the HBCU have a system for ensuring that such income			
	is reported in a timely and accurate manner?	Yes	No	N/A
	[HBCU Grant Agreement, Section 17, Flow Down Provisions]			
L	Describe Basis for Conclusion:			
_	. Upon expiration of any agreements between the HBCU and its subrecipie	nte	П	
C	and/or pass-through entities, does the HBCU have a system for ensuring:	iiis	∟ Yes	
	i. the timely and accurate transfer of any funds to be returned to the		res	No
	HBCU; and/or			
	ii. the time and accurate transfer of outstanding loans or accounts receivable?			
	[HBCU Grant Agreement, Section 17, Flow Down Provisions]			
I	Describe Basis for Conclusion:			

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20.				
	If the HBCU received unexpected amounts of program income during its			
	program year, did it follow the required procedures for amending or revising	Yes	LI No	
	its grant agreement?	Yes	No	N/A
	[HBCU Grant Agreement, Section 16, Amendments]			
	Describe Basis for Conclusion:			
21.	Loan Servicing			
		г		
	If the HBCU provides loans, does it have a system for properly servicing all			
	loans (including deferred payment loans and revolving loan funds) that includes:	Yes	No	N/A
	i. written loan agreements that clearly describe the repayment terms,			
	what constitutes a default and how it can be cured, and what actions			
	the HBCU will take if the default is not cured, and (if applicable)			
	what is pledged as security for the loan?			
	iii. collection procedures that provide for the recognition of all current			
	amounts due, payments received, notification to borrower when			
	payments are overdue, a process for taking further action on			
	defaulted loans, and criteria for writing off bad debts?			
	[HBCU Grant Agreement, Section 17, Flow Down Provisions; 24 CFR			
	84.2(b)(5)]			
	Describe Basis for Conclusion:			

## G. SALARIES AND WAGES

22.				
<i>22.</i>	Are direct salaries and wages of employees chargeable only to the HBCU program or cost objective based on payrolls documented in accordance with the generally accepted practice of the HBCU and approved by a responsible official?  [HBCU Grant Agreement, Section 1, Allowable Costs; OMB Circular A-21, J.10]  Describe Basis for Conclusion:	Yes	No	N/A
23.	For employees working on <u>multiple</u> programs or cost objectives whose time is being charged on a direct basis, are their salaries and wages supported by time distribution records?  [OMB Circular A-21, J.10]  Describe Basis for Conclusion:	Yes	No	N/A
<u>H.</u>	INDIRECT COSTS			
24.	a. Are indirect costs charged to the program?		Yes	No
	Describe Basis for Conclusion:			

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b.	If indirect costs are charged to the program, has a Cost Allocation Plan and/or an Indirect Cost Rate proposal been developed in accordance with OMB Circular A-21, J.10? [HBCU Grant Agreement, Section 12, Indirect Costs]	Yes	No	N/A
De	escribe Basis for Conclusion:	,		
c.	Is there any evidence to indicate that costs are not being billed in accordance with the Indirect Cost Rate? [HBCU Grant Agreement, Section 12, Indirect Costs; OMB Circular A-21, J.10]	Yes	No	N/A
	scribe Basis for Conclusion:			
MIN	NORITY-OWNED FINANCIAL INSTITUTIONS			
Ha the use CF fine [24	is the HBCU used minority-owned financial institutions in conjunction with grant program? ( <b>Note</b> : Because program participants are <u>not required</u> to the minority-owned financial institutions but encouraged to do so pursuant to the R Section 84.22(j), a "No" response to this question would <b>NOT</b> constitutions.)  4 CFR 84.44(b)]	o 24	Yes	No
De	escribe Basis for Conclusion:			

# J. OMB CIRCULAR A-133: AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS

<u>Instructions</u>: The HBCU program is subject to OMB Circular A-133, which establishes audit requirements pursuant to the Single Audit Act Amendments of 1996. The Circular defines responsibilities for implementing and monitoring those requirements. Program participants that, in turn, provide Federal funds to secondary organizations are called pass-through entities. For simplification purposes, the term "subrecipient" will be used here to refer to all such secondary organizations. Pass-through entities are required by OMB A-133, §\_\_\_\_.400(d) to establish systems to oversee subrecipient compliance with A-133. This section of questions is designed to assist in determining whether the HBCU is in compliance with the required elements of an audits management system. An audits management review worksheet is attached to this Exhibit that can be used to help document the results from testing a sample of grants to subrecipients against the HBCU's control system.

26.			
	Does the HBCU meet the threshold, or have any subrecipients that meet the		
	threshold, for having a single audit performed? If no, skip questions 27 through	Yes	No
	46 and the Audit Review Worksheet.		
	Describe Basis for Conclusion:		
27.			
	What is the HBCU's means of ensuring that audits are conducted to meet all of t	he	
	following:		
	a. at the proper time? [OMB Circular A-133, §320(a)]		
	b. by independent, qualified personnel? [OMB Circular A-133, §305]		
	c. In a manner that meets the Comptroller General's audit standards? [OMF	3 Circu	lar A-
	133, §500]		
	[HBCU Grant Agreement, Section 20, Audit Requirements]		
	Describe Basis for Conclusion:		

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28.				
	coı	reviewing the latest audit report, does it indicate that the financial statements ntained therein present fairly the HBCU's financial position and the results of	Yes	No
		financial operations in accordance with generally accepted accounting nciples?		
	[O]	MB Circular A-133, §400(d)(4) and §500(b)]	<u> </u>	
	De	escribe Basis for Conclusion:		
29.				
	a.	What is the HBCU's procedure for informing subrecipients of the OMB Circ	ular A	-133
audit requirements?				
		[HBCU Grant Agreement, Section 17, Flow Down Procedures; OMB Circula	ır A-13	3,
		§400(d)(2)]		
	De	escribe Basis for Conclusion:		
	b.	Does the HBCU ensure that each subrecipient expending \$500,000 or more		
	υ.	in Federal awards during the subrecipient's fiscal year meet the audit		
		requirements of OMB Circular A-133?	Yes	No
		[HBCU Grant Agreement, Section 20, Audit Requirements; 24 CFR 84.26;		
		OMB Circular A-133, §400(d)(4) and §200]		
	De	escribe Basis for Conclusion:		
	1			

30.	
	Do the audit reports reviewed indicate that the financial statements present fairly the subrecipients' financial position and the results of their financial operations in accordance with generally accepted accounting principles?  [HBCU Grant Agreement, Section 20, Audit Requirements; OMB Circular A-133,   §400(d)(4) and §500(b)]
	Describe Basis for Conclusion:
31.	
	How does the HBCU ensure that each subrecipient audit has determined whether the subrecipient has internal accounting and other control systems to provide reasonable assurance that it is managing Federal financial assistance programs in compliance with
	applicable laws and regulations?
	[HBCU Grant Agreement, Section 20, Audit Requirements; 24 CFR 84.26; 24 CFR 84.51(a) OMB Circular A-133, §400(d)(3) and (4), as well as §500(c)]
	Describe Basis for Conclusion:
32.	
32.	How does the HBCU ensure that each audit has determined whether its subrecipients have
	complied with laws and regulations that may have a material effect on their financial
	statements and on each major Federal assistance program?
	[HBCU Grant Agreement, Section 20, Audit Requirements; OMB Circular A-133 §400(d)(3) and (4), as well as §500(d) ]
	Describe Basis for Conclusion:

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33.					
	How does the HBCU ensure that audit reports are submitted within the earlier of (30) days after receipt of the auditor's report(s), or (ii) nine (9) months after the audit period?		•		
	[HBCU Grant Agreement, Section 20, Audit Requirements; OMB Circular A-13	3,			
	§235(c)(1) and §320(a)]				
	Describe Basis for Conclusion:				
34.					
	How does the HBCU ensure that audit costs are allowable as a direct cost or as a		ated		
	indirect cost, as determined in accordance with the applicable OMB cost principal	les?			
	[OMB Circular A-21, J.5; OMB Circular A-133, §400(d)(4) and §230]				
	Describe Basis for Conclusion:				
35.					
	Does the HBCU have a means for determining what corrective actions by the				
	subrecipient are necessary and appropriate to resolve findings and that such	Yes	No		
	actions are taken?				
	[HBCU Grant Agreement, Section 17, Flow Down Provisions; 24 CFR 84.41;				
	OMB Circular A-133, §400(d)(5)]				
	Describe Basis for Conclusion:				

. No
Ш
No No
. No
No
No
No No
No No
No No
No No
No No
No No
No No

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39.			
	Does the HBCU's system or procedure require each subrecipient to permit		
	independent auditors and HBCU staff to have access to the records and financial	Yes	— No
	statements, as necessary, to comply with the Circular?	163	NO
	[HBCU Grant Agreement, Section 20, Audit Requirements; OMB Circular A-		
	133, §400(d)(7]		
	Describe Basis for Conclusion:		
40.			
	What is the HBCU's process for reviewing and reaching determinations to accept	t or rei	ect
	findings and properly documenting such determinations?		
	[HBCU Grant Agreement, Section 20, Audit Requirements; OMB Circular A-13	3.	
	\$400(d)(5)]	Σ,	
	Describe Basis for Conclusion:		
	Describe Dasis for Conclusion.		
41.			
+1.	Does the HBCU have a process for referral of agency-contested findings and		
	recommendations to senior level officials, outside of the normal chain of		Ш
	, , , , , , , , , , , , , , , , , , ,	Yes	No
	command, for resolution?		
	[HBCU Grant Agreement, Section 20, Audit Requirements; OMB Circular A-		
	[133, §400(d)(5)]		
	Describe Basis for Conclusion:		

42.			
	a. Does the HBCU have a system or procedure to promptly inform HUD and		
	federal law enforcement authorities of illegal acts or irregularities?	Yes	No
	[HBCU Grant Agreement, Section 20, Audit Requirements; OMB Circular		
	A-133, §400(d)(3)]	<u></u>	
	Describe Basis for Conclusion:		
	b. If yes, what is the procedure(s)/criteria used in determining when to notify au	thoritie	es?
	Describe Basis for Conclusion:		
43.			
	Is there a procedure to establish an account receivable from the subrecipient		
	when a monetary sanction is involved?	Yes	No
	1	163	140
	Describe Basis for Conclusion:		
44.			
	Is there a means of ensuring consistent treatment of all audit findings?		
		Yes	No
	Describe Basis for Conclusion:		

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- 1	_

Does the HBCU make positive efforts to use small businesses, minority-owned		
firms, and women's business enterprises in procuring audit services, and does	Yes	No
its system encourage localities or subrecipients/subgrantees to do the same?		
(Note: Because program participants are <u>not required</u> to use minority-owned		
financial institutions, but encouraged to do so pursuant to OMB Circular A-133,		
§305(a), a "No" response to this question would <b>NOT</b> constitute a finding.)		
[24 CFR 84.22(i) and 24 CFR 84.44(b)]		
Describe Basis for Conclusion:		

	Worksheet: Guide for Review of	f HBCU	J				
OMB Circular A-133 Audits Management System							
Name of Program Participant:							
Name(s) of		Date					
Reviewer(s)							

<u>Instructions</u>: This worksheet is intended to supplement the information contained in the Section X. <u>OMB Circular A-133</u>: Audits of States, Local Governments, and Non-Profit Organizations, of this Financial Management Exhibit. Where subrecipient audits are reviewed to confirm the implementation of the HBCU's system, select a sample of grants and insert the names of the subrecipients in column (a) and the fiscal year end dates in column (b) of Part I. Insert due dates and receipt deadlines in columns (c) through (e) of Part I; and answer "yes" or "no," as appropriate, in columns (f) through (j) of Part II.

#### PART I - RECEIPT DEADLINES

	Subrecipient Name	Fiscal Year End Date	Audit Report Date	Audit Due Date	Audit Received Date
	(a)	(b)	(c)	(d)	(e)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

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## PART II - WERE REQUIREMENTS MET (YES/NO)?

	A-133 Met?	Corrective Actions Accepted?	Corrective Actions Documented?	Corrective Actions Taken?	Corrective Actions Taken in 6 months?
	(f)	(g)	(h)	(i)	(j)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

### PART III - CONCLUSIONS

Explain negative responses or delays in complying with the required deadlines.	
Describe Basis for Conclusion:	